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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 008998

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SUBJECT: NEW CABINET TEAM ACTIVIST ON GOVERNMENT REFORM,  
PRODDED BY KING

Classified By: CDA David Hale for Reasons 1.4 (b), (d)

1. (C) Summary: At the King's instigation, the newly reshuffled cabinet has embarked on a wholesale reform of the way government does business -- adopting what amounts to an MPP for government and ministries, in which mission goals, performance standards, and resource allocation are to be seamlessly integrated. While many of the new ministers show enthusiasm and energy over this innovation, PM Fayez shows characteristic caution and passivity. Deputy PM Muasher -- entrusted with launching the process and judging ministries' performance -- already has encountered political opposition in parliament, with the Speaker (baselessly) demanding a vote of confidence on the new ministers. In the press, there is an open debate as to whether the renewed focus on structural reform is a diversion from the harder issues of social and political development. While the King's commitment to structural reform is genuine and the effort essential if Jordan is to be transformed into a competitive, developed marketplace, there is some truth that his attitude on political reform is to "go slow." End Summary.

2. (C) King Abdullah expressed to Charge on October 31 his satisfaction with the newly reshuffled cabinet. He had met with the ministers for a portion of their off-site, weekend retreat at the Dead Sea Marriott. The King felt they had "got it" in understanding his vision for wide ranging internal government reform and performance-driven action. He took particular pleasure in the fact that each minister has been given specific performance standards and timelines for delivery. His impatience was palpable:-- "if any minister does not deliver, they'll be out" in three months, time, when performance on the first set of indicators will be judged. In characteristic contrast, Prime Minister Faisal al-Fayez complained to Charge on November 2 that expectations for change may be hard to meet. He anticipated significant political and parliamentary resistance to revamping the government's inefficient ways, which are motivated by micro-level impulses for patronage and favoritism. "We have to do it (meet the King's agenda), but it will be hard," he said.

3. (C) Two men entrusted with driving this agenda forward, Deputy Prime Minister Muasher and Minister of State for Public Sector Reform Masaadeh, laid out for Charge and USAID Mission Director the details of the internal reform agenda on November 1. Implementing a vision of a streamlined, efficient, and transparent public sector will involve a two-tiered approach. Muasher's office at the Prime Ministry (called the Government Performance Unit ) GPU) will be responsible for the first tier, developing and implementing a reform strategy. The GPU will produce a national public sector agenda with a set of objectives. From these objectives, Muasher will develop 10 to 15 key performance indicators to measure ministries, work over the next ten years. At the end of each year, ministers must show advancement within their indicators or face dismissal. Masaadeh's office of public sector reform will handle the operational tier. He will establish a reform unit to set detailed standards for performance and offer training and technical assistance to help the ministries meet their goals. Muasher also stressed that there are plans for a complete overhaul of the cabinet's workings, which like many Arab governments must decide as a body on matters of minutiae. A greater delegation of authority will allow the cabinet to work at a more strategic level. The Prime Ministry itself will be re-structured to make it a stronger policy setting body. And with perverse but fitting symbolism, it is said that the Prime Minister will move his own office across the street from the Prime Ministry to a largely unused official residence, thus simultaneously making room for the burgeoning reform staff and signaling his detachment from them.

4. (C) Another key element in the restructuring is the development of four ministerial teams or committees for public sector reform, socio-economic development, human resources, and legal issues. In Charge's meetings with the new cabinet, team leaders and members are showing enthusiasm over the concept, although how some of these highly competitive personalities will work together in practice remains to be seen. The King and Muasher both highlighted for us the novel integration of the budgeting process and financial services into the development of ministries, performance goals. The King was pleased that Finance Minister Abu Hammour was on board with the idea, and

acknowledged that some ministries were unable to perform because of limited resources provided by a Finance Ministry left unaware of any ministry performance plans.

15. (C) The need for government restructuring is great, but the government already has received criticism for being singularly preoccupied with it at the expense of genuine political development and reform. The Prime Minister, government spokesman, and Muasher himself with Charge insisted that such was not the case, but they are on the defensive. Political Development Minister Shara told Charge and Emboffs that political development remained a priority, but the government would "review carefully" the draft laws on elections and political parties ) we "can't be hasty" he said. (Royal Court Minister earlier told Charge the electoral law would not be submitted to the Parliament in the next year.) Shara's focus is on nuts and bolts, grassroots reforms, and drawing the "silent majority" (his phrase) into the political process. He detailed convincing plans to use NGOs, women's and youth groups, and UNDP to develop civil society institutions.

16. (C) Parliament is looking upon all this energy with some curiosity, even concern. There seems to have been no serious effort to consult Speaker al-Majali or other members on the purpose of the changes. This led to an unusual public complaint from the loyalist speaker, demanding that the cabinet present itself and a new platform for a vote of confirmation. Legal Affairs Minister Ensour explained to Charge that the cabinet is a continuation of its predecessor and that the restructuring agenda was clearly identified in the King's initial public letter of instruction ) so Majali has no legal grounds to object. However, as reflected in the PM's concern, parliament, filled with traditionalists thanks to gerrymandering, will be highly uneasy. These brisk changes are designed to eliminate the very tools of patronage and featherbedding upon which Jordan's old politics thrived ) and its economy did not. The fact that the smooth, rich, Westernized, Christian Muasher is chief implementor, and the fast-talking Palestinian Minister of Planning chief salesman, will only stoke MPs' suspicions. Given the political constraints they face, this opposition is likely to manifest itself in indirect ways, by slowing down the most unpopular legislation and looking for issues unrelated to the King's agenda on which to berate the cabinet.

17. (C) COMMENT: Sweeping government restructuring is long overdue in Jordan and the region, and the King's commitment to it is genuine. The model being used is a state of the art tool provided by a leading international consultant. Senior government officials for the most part share the King's enthusiasm at most, or at least know their jobs are on the line. Dig a few layers down in the government, or turn to parliament, and these concepts of change are met with a mix of incredulity and trepidation. So the government will face an enormous challenge in moving forward. The accusation that public sector reform - however badly needed - is a substitute for harder social and political reform has some validity. The King is concerned that significant transformation of the political system before Jordan's political culture is sufficiently mature will merely provide an opening to radicals. At the same time, he wants economic, social and political reform to advance in mutually-reinforcing ways. Our concern is that if the King's caution overcomes his reforming urge now (when Jordan is doing well economically and is at peace internally), he is sure to keep his foot on the brake when the next economic downturn or domestic crisis inevitably develops. End Comment.

18. (U) Baghdad minimize considered.  
HALE